

AGENDA ITEM SUMMARY

AGENDA ITEM

Recommendations for DHE Operating Appropriations
Coordinating Board for Higher Education
October 14, 2004

DESCRIPTION

Staff recommendations for the FY 2006 internal operating appropriation request for the Department of Higher Education are included in this section.

A. Coordination

1. Administration

FY05 Core Appropriation	\$805,825 (14.35 FTE)
FY06 Pay Plan	\$20,264
FY06 Requested Core	\$911,343 (16.35 FTE)

2. Program Distribution

a. Midwest Higher Education Commission

FY05 Core Appropriation	\$82,500
FY06 Requested Core	\$90,000

Section 173.700, RSMo, authorizes Missouri's membership in the Midwestern Higher Education Commission (MHEC), naming the CBHE as the administrative agent. All of Missouri's public two- and four-year institutions and numerous independent institutions use the services of MHEC. The state's two largest community colleges take advantage of the pooled purchasing opportunities through MHEC. As a member of MHEC, Missouri participates in the Midwest Student Exchange Program which became operational during the 1994-95 academic year in most member states. This program allows Missouri residents to enroll at participating out-of-state institutions at 150 percent of the resident student tuition rates. Other programs include joint purchasing of natural gas and property insurance through pooled arrangements involving member institutions.

b. State Anatomical Board

FY06 Core Appropriation	\$3,069
-------------------------	---------

Section 173.005, RSMo, transferred the State Anatomical Board to the Department of Higher Education. The responsibilities of the State Anatomical Board are outlined in

Coordinating Board for Higher Education
October 14, 2004

Chapter 183, RSMo. The CBHE acts as the fiscal agent for the State Anatomical Board, which distributes unclaimed or donated human bodies to mental, dental, chiropractic and osteopathic programs for use by students in their training. Expenditures consist of fixed stipends paid to officers of the State Anatomical Board, printing costs, and per capita stipends paid to doctors serving as local secretaries who have responsibility for the receipt and distribution of bodies. These expenditures are partially offset by an assessment of 50 cents per student from member institutions.

B. Improving Teacher Quality State Grants (formerly known as the Eisenhower Program)

FY06 Core Appropriation	\$1,776,425 (1 FTE)
FY06 Pay Plan	\$2,321

The core request of \$1,776,425 in federal funds comes from a U.S. Department of Education grant to enhance teacher education in mathematics and science, as authorized by Title II of the Elementary and Secondary Education Act. These funds are allocated to projects designed by higher education institutions and qualifying nonprofit organizations to improve mathematics and science education in grades K-12. In FY 2006, the CBHE will utilize 1.0 FTE for this program.

C. Proprietary School Regulation

FY05 Core Appropriation	\$158,742 (2.6 FTE)
FY06 Pay Plan	\$4,965
Proprietary School Bond	\$100,000
FY06 Requested Core	\$196,207 (3.6 FTE)

A key responsibility of the CBHE is to certify and monitor proprietary schools, including out of state institutions offering programs in Missouri. These expenses from the General Revenue Fund are partially offset by the collection of certification fees that are deposited into general revenue.

Section 173.612, RSMo, requires each proprietary school to file a security deposit with the CBHE covering the school and its agents in order to indemnify any student, enrollee, parent, guardian or sponsor of a student or enrollee who suffers loss or damage because of certain actions of the school or for failure to deposit student records in an acceptable manner upon school closure. The CBHE holds a security deposit from each proprietary school ranging from a minimum of \$5,000 to a maximum of \$25,000. This appropriation is necessary to ensure the use of those monies for indemnification purposes in cases of malfeasance by a proprietary school.

D. Federal and Donated Funds

FY06 Core Appropriation	\$2,000,000
-------------------------	-------------

This appropriation provides CBHE with spending authority for any private or federal grants received by the agency.

E. Financial Assistance and Outreach

1. Administration

FY06 Core Appropriation	\$281,356 (4.95 FTE)
FY06 Pay Plan	\$7,570

a. GEAR UP Early Awareness and Outreach

i. Administration

FY06 Core Appropriation	\$773,640 (5.5 FTE)
FY06 Pay Plan	\$8,766

ii. Program Distribution

FY06 Core Appropriation	\$897,572
-------------------------	-----------

In September 2000, the Coordinating Board for Higher Education was notified that it received a five-year federal GEAR UP grant of \$7,455,027 covering the period September 15, 2000 through September 14, 2005. The purpose of the grant is to increase the educational attainment of low-income middle and high school students by helping them complete high school, prepare for, and enroll in college. A request for continued authority for GEAR UP is included in this year's budget request. Continued funding of the grant is dependent upon successfully raising the educational attainment level and college participation rates among the youth participating in the GEAR UP grant program.

F. Missouri DHE Student Loan Program (Federal Funds)

1. Administration

FY06 Core Appropriation	\$12,251,803 (56.83 FTE)
FY06 Pay Plan	\$86,876

a. E-Government

i. Administration

FY06 Core Appropriation	\$437,208 (4.5 FTE)
FY06 Pay Plan	\$12,912

2. Guaranty Functions

a. Student Loan Revolving Fund

FY06 Core Appropriation	\$85,000,000
-------------------------	--------------

Section 173.120, RSMo, establishes a revolving fund used solely to pay claims and administer the loan program. An appropriation granting authority to spend up to \$85,000,000 is required so that Guaranty Student Loan Program funds may be accessed. Disbursements include the purchase of defaulted loans, repurchases of defaulted loans by lenders, payments of accrued interest on defaulted loans, and federal reinsurance payments.

b. Collection Agency Invoicing

FY06 Core Appropriation	\$4,000,000
-------------------------	-------------

The department requires that all collection agencies transmit all collections to DHE and then submit invoices for their fees. Continued authority in the amount of \$4,000,000 is needed for this purpose.

c. Federal 48-hour Rule Reimbursement

FY06 Core Appropriation	\$500,000
-------------------------	-----------

A U.S. Department of Education regulation requires state guaranty agencies to deposit all revenues collected from defaulted borrowers into the state's federal fund within 48 hours of receipt. Authority in the amount of \$500,000 is needed to meet these requirements.

d. Transfer Appropriations

FY05 Core Appropriations	\$9,000,000
--------------------------	-------------

FY06 Requested Core	\$9,100,000
---------------------	-------------

Federal law requires certain transfers between the Guaranty agency operating fund and the federal student loan reserve fund. These appropriations provide the necessary authority to meet these requirements.

e. Tax Refund Offsets

FY06 Core Appropriation	\$250,000
-------------------------	-----------

Section 143.781, RSMo, gives state agencies the authority to make state tax refund offsets against debts owed to the state agency, including defaulted guaranteed student loans.

STATUTORY REFERENCE

Authority granted under Sections 173.005, RSMo, through 173.750 inclusive.

RECOMMENDED ACTION

It is recommended the Board approve the CBHE FY 2006 internal appropriation request, as presented, for submission to the Governor and General Assembly.

ATTACHMENT(S)

None